

CENTRAL INTELLIGENCE GROUP
INFORMATION REPORT

REPORT NO.

98096

COUNTRY India

DATE DISTR. 6 August 1947

SUBJECT Newsprint Manufacturing

NO. OF PAGES 2

25X1 PLACE ACQUIRED

NO. OF ENCLS.
(LISTED BELOW)

DATE ACQUIRED

SUPPLEMENT TO
REPORT NO.

25X1

25X1 SOURCE

National Newsprint & Paper Mills Ltd., Bombay, a newly organized company, plans to start production of newsprint from an ordinary Indian softwood known technically as "Boswellia Serrata" and commonly as "salai."

Laboratory research has indicated the material will produce satisfactory newsprint. It has been tested at the Indian Forest Research Institute and in Canada under direction of Robert A. Rankin & Co., consulting engineers. Officials of the latter firm are scheduled to visit India shortly to inspect the proposed factory site.

Surveys made by the Indian firm indicate that production costs will be only 60% of those prevalent in Canada, and that sale price will be about 20% of the delivered price of Canadian newsprint. Reasons for the expected low cost are:

(a) Low cost of labor.

The company's long-term renewable lease of a 375,000-acre forest tract in the Central Provinces. The company plans to write-off the annual rental of 16½ cents per acre by growing food crops on newly-cut sections. Since the plant will have a capacity of only 100 tons per day the tract is more than adequate to supply its needs indefinitely.

(c) The factory will be on one of the main railway lines from Bombay to Delhi, and within a few miles of the Tapi River, which furnishes adequate water power all year.

(d) Elimination of shipping and other charges.

The company has been authorized by the Indian Government to float a \$15 million stock issue. Even if it never produces for export, its domestic market is tremendous. India's present newsprint consumption is 40,000 tons a year, all from imports, but there is an immediate market for at least 90,000 tons annually.

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5. The Government's efforts to raise the current 13% literacy rate are expected to:
- (a) Increase the 90,000-tons annual needs of newspaper publishers at the rate of 25% each year to at least 400% in the next ten years.
 - (b) Create an additional great demand for cheap books printed on the same paper.
6. The company's activity is certain to bring a redirection of attention to soft woods, which heretofore have been considered unsatisfactory for newsprint. With the world's spruce forests being depleted and demand for newsprint steadily rising, a new source of supply may have been found.

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Approved For Release 2004/10/12 : CIA-RDP80-00926A000100010045-2

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